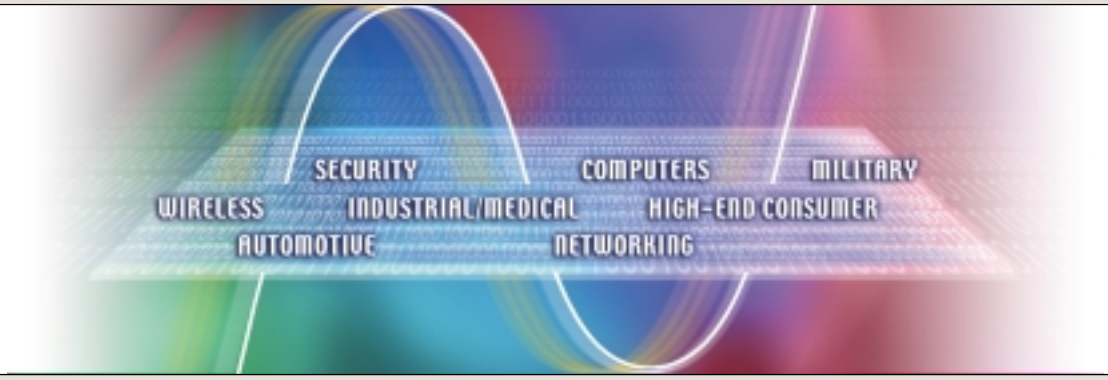
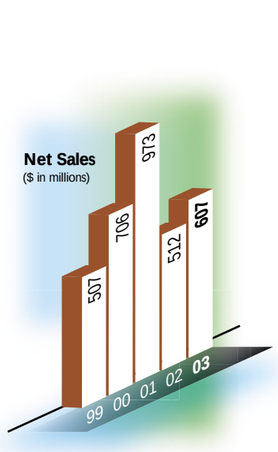
High Performance Analog
Essential to Emerging Markets

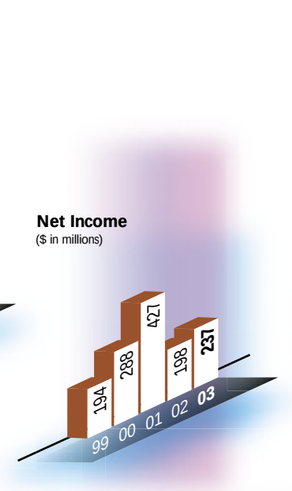


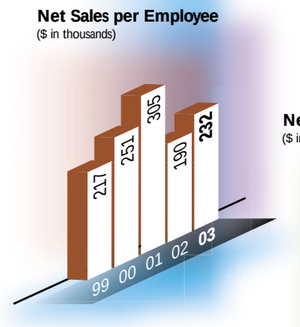
LINEAR TECHNOLOGY CORPORATION
ANNUAL REPORT 2003

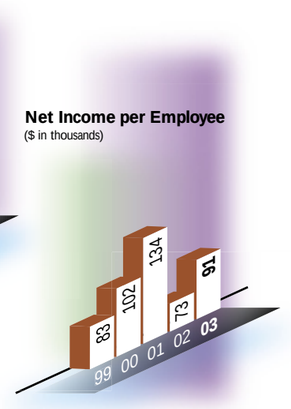
FINANCIAL HIGHLIGHTS

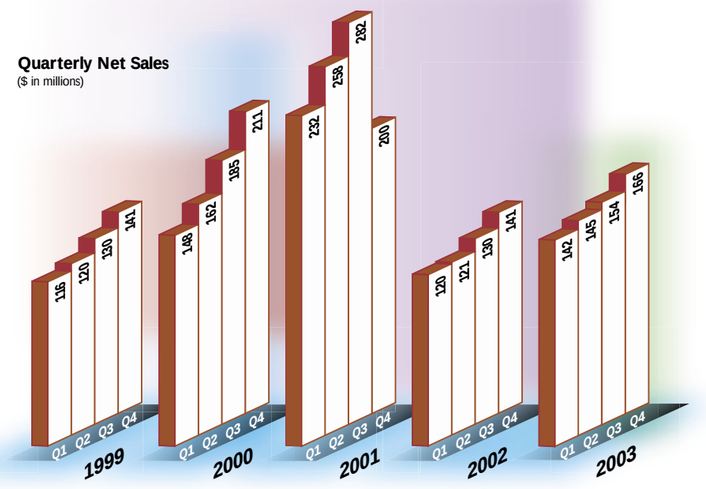
In thousands, except per share amounts	2003	2002	2001	2000	1999
Net Sales	$ 606,573	$ 512,282	$ 972,625	$ 705,917	$ 506,669
Operating Income	294,511	225,099	546,285	374,396	257,926
Net Income	236,591	197,629	427,456	287,906	194,293
Diluted Earnings Per Share	0.74	0.60	1.29	0.88	0.61
Cash and Short-Term Investments	1,593,567	1,552,030	1,549,002	1,175,558	786,707
Working Capital	1,613,971	1,558,584	1,525,624	1,141,426	779,837
Total Assets	2,056,879	1,988,433	2,017,074	1,507,256	1,046,914
Long-Term Debt	-	-	-	-	-
Stockholders' Equity	1,814,929	1,781,454	1,781,957	1,322,197	906,794











Corporate Profile

Linear Technology Corporation (Nasdaq: LLTC) designs, manufactures and markets a broad line of high performance standard linear integrated circuits using silicon gate CMOS, BiCMOS, Complementary Bipolar, High Voltage and RF wafer fabrication process technologies.

Linear (or analog) circuits provide an essential bridge between our analog world and the digital microelectronics used in wireless communications, notebook and handheld computing, computer peripherals, medical instrumentation, factory automation, automotive electronics and many other applications. For customers in these industries, Linear Technology provides high performance amplifiers, comparators, voltage references, monolithic filters, linear regulators, DC/DC converters, battery chargers, data converters, communications interface circuits, RF signal conditioning circuits, and many other analog functions.

The Company marketed approximately 7,500 products this year to over 15,000 original equipment manufacturers. These products compete in the marketplace based on their performance, functional value, quality and reliability.

Linear Technology is headquartered in Milpitas, California and employs approximately 2,600 people worldwide. In addition to manufacturing and test facilities in California, Washington, Singapore and Malaysia, the Company has eight satellite design facilities located in California (2), Colorado, Vermont, Massachusetts, New Hampshire, North Carolina and Singapore.

TO OUR STOCKHOLDERS

Emerging markets and applications with their dependence on high performance analog provide a rich business opportunity that benefits Linear Technology Corporation.

First there was analog. Before digital electronics existed, all electronic products were analog. But there were not many products! The digital revolution changed this and populated generations of new products. The digital revolution also broadened the demand for analog circuitry. All electronic products have some analog. Actually, the analog is usually critical to the performance of the product. The more portable the product, the more complex the analog. The more compact the product, the more complex the analog. Consequently, analog is growing both in volume and in complexity.

Many new applications and products are being developed, all of which enhance our lives: our professional lives, our entertainment lives, our medical lives, our educational lives and our home lives. The cellular phone is morphing into an audio and video personal communications center, with a phone, digital still camera and PDA all becoming one. Not too long ago the proud owner of a new automobile talked about cylinders and horsepower. Today's auto consumer is more interested in infotainment – navigation systems, direction and location assistance, superior sound and video, distance monitoring between objects, etc. A doctor's knowledge and intuition is today supplemented by ever growing, electronically generated, quantitative analysis and support ranging from DNA mapping to robotic surgery. As the world has become a smaller place it has also become more dangerous, thereby fostering demand for a new generation of security and surveillance products.

The digital revolution also broadened the demand for analog circuitry. All electronic products have some analog.

All of these new applications, and hundreds more like them, depend in part on analog technology for their success. Analog manages the distribution of power within a system; this is often critical, especially in portable products dependent upon a battery. Analog also connects real-world physical input such as sound, pressure, speed, etc. into an electrical format recognizable to the digital world.

Diversity has always been an essential element of our strategy at Linear, to participate in the growth of electronics across many end markets. In fiscal 2003, communications accounted for 35% of our business; computer 25%; industrial 29%; auto 6% and military and other products 5%.

Emerging markets and applications with their dependence on high performance analog provide a rich business opportunity that benefits Linear Technology Corporation. For fiscal 2003 we reported net sales of $606,573,000, an increase of $94,291,000 or 18% from the previous year. Net income was $236,591,000, an increase of $38,962,000 or 20% from the prior year, giving us a 39% return on sales. The resulting diluted earnings per share were $0.74 versus $0.60 in fiscal 2002. We paid cash dividends of $0.21 per share for the year versus $0.17 per share last year. The Company purchased back 8,390,348 shares of its common stock for $230,004,625. The cash and short term investments balance after these common stock repurchases was $1,593,567,000. This balance represents 88% of stockholders' equity. Our return on equity was 13% and our return on equity, net of cash, was 105%.

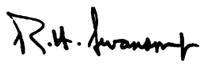
These results clearly indicate a successful business, one that is able to supply advanced technology solutions to rapidly emerging applications and markets. Often our solutions are proprietary and, therefore, our ability to supply them to committed delivery schedules with excellent quality and reliability is critical to our success. Within the past year, several large domestic and international companies have awarded us their highest supplier ratings.

In summary, fiscal 2003 was a differentiating year as companies, like Linear, with unique technological and business characteristics outperformed. Worldwide economies continued to struggle; electronics did not benefit from a new so-called "killer application." Nevertheless, there were many new diverse applications in wireless, high-end consumer, automotive, security, computer, military, industrial/medical and networking. The hurdles for growth were high; yet the rewards for accomplishment were present. High performance, truly distinctive, analog solutions were definitely valued. This was a demanding environment, but for us a rewarding one. We just completed our 69th consecutive quarter of positive cash flow from operations and our 33rd consecutive quarter with pre-tax profits exceeding 50% of net sales.

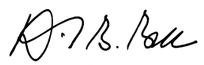
We are grateful to our employees for their passion and commitment, and to our customers and investors for their confidence and trust in us, as we continue to be a leading supplier of the high performance analog that is essential to current emerging markets. We began this letter with the statement, first there was analog, we can close with the assertion that there is always analog.

We just completed our 69th consecutive quarter of positive cash flow from operations and our 33rd consecutive quarter with pre-tax profits exceeding 50% of net sales.

Sincerely,



Robert H. Swanson, Jr.
Chairman and Chief Executive Officer



David B. Bell
President

Paul Coghlan
Vice President, Finance and Chief Financial Officer

HIGH PERFORMANCE ANALOG IN HANDHELD PRODUCTS

Linear Technology's analog ICs are found in products people use every day. Handheld products such as cellular phones, PDAs, digital cameras, MP3 players, notebook computers and GPS navigators have fueled significant analog growth in recent years. This trend is accelerating because of the worldwide popularity of these products, and because these consumer products rely more and more on high performance analog ICs. The drive to pack more functionality in small enclosures, increase battery life, and maintain excellent image and sound quality now requires the use of high performance analog ICs in applications where commodity ICs no longer suffice.

We have been able to capitalize on these fast moving technologies by quickly identifying market trends, defining new products to meet emerging requirements, and supplying these new products to customers long before our competition. Fast-moving, performance-intensive markets reward an agile supplier with the best technology.

PDA Phones

- DC/DC Converters
- Battery Charger
- RF Power Controller
- LCD Bias Generator
- SIM Interface

Digital Cameras

- Photoflash Charger
- White LED Driver
- Lens Motor Regulator
- DC/DC Converters
- Battery Charger

Camera Phones

- Battery Charger
- Multi-Display LED Drivers
- CDMA Transmitter Regulator
- SIM Interface
- Miniature Photoflash Charger

GPS Navigators

- DC/DC Converters
- LCD Bias Generator
- Battery Charger
- Car Adapter Regulator
- Low Noise Linear Regulator

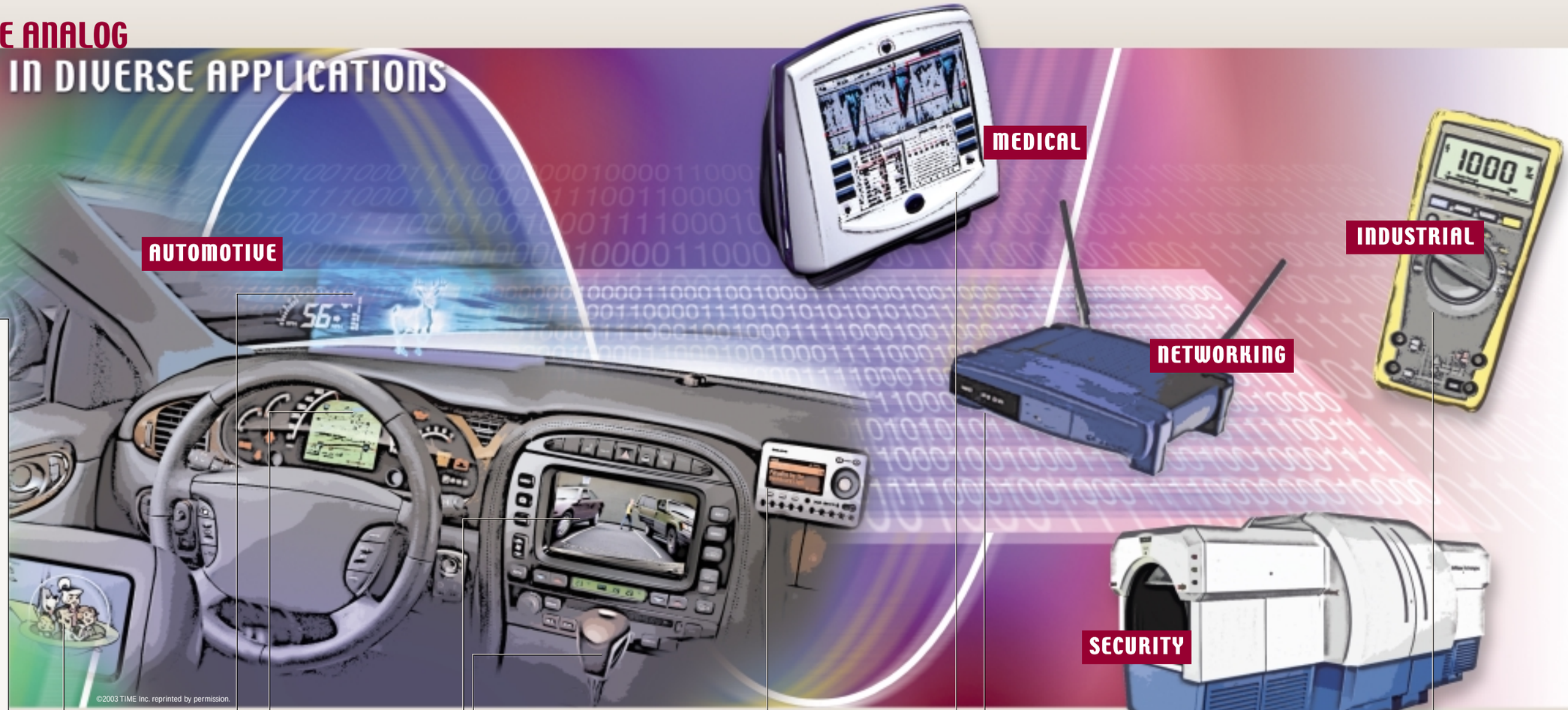
Notebook/Tablet PCs

- Processor DC/DC Converter
- System Power Regulators
- DDR Memory Termination Regulator
- Smart Battery Charger
- Dual-Battery PowerPath Controller

MP3 Players

- Buck/Boost DC/DC Converter
- Battery Charger
- Low Noise Linear Regulator
- White LED Driver
- Microprocessor Supervisor

HIGH PERFORMANCE ANALOG IN DIVERSE APPLICATIONS



The automotive electronics market has changed dramatically in recent years. The electronics content in cars and trucks is steadily rising, and it is increasingly high performance. Navigation and entertainment systems — which have driven much of Linear Technology's automotive growth — include analog subsystems similar to a notebook computer, but more rugged due to environmental extremes and battery voltage fluctuations. High performance analog ICs are now working their way into a wide range of sophisticated automotive applications; consequently, Linear Technology expects opportunities for sales growth in this sector to continue for many years to come.

Linear Technology is strengthened through market diversity. While handheld products and automotive electronics are leading our growth, hundreds of other applications represent a stable and growing foundation. Our analog ICs can be found in a wide range of communications, industrial, instrumentation, medical and security applications where high performance is essential. Every day the number of analog components in common high-tech devices is growing. Every day the world is more and more analog.

Entertainment
- Video Distribution Amplifiers
- Occupancy Sensor Signal Conditioning

Navigation/Telematics
- CCFL Backlight Driver
- Battery Backup PowerPath™ Controller
- Microprocessor Supervisor

Heads-up Displays
- DC/DC Converters
- High-Power Illumination Driver

Engine and Drivetrain
- Fuel Injector Boost Converter
- Chopper-Stabilized Amplifier
- Sensor A/D Converter

In-Car Computer
- Processor DC/DC Converter
- System Power Regulators
- CCFL Backlight Driver

Satellite Radio
- Low Noise DC/DC Converters
- Low Noise Linear Regulator
- White LED Driver

Networking and Telecom Equipment
- Powered Ethernet Hot Swap™ Controllers
- Multi-Protocol Interface Circuits
- High Voltage DC/DC Converters
- High-Speed Amplifiers

Medical Instruments
- Precision Amplifiers
- High-Accuracy Voltage Reference
- Analog Filters
- A/D and D/A Converters

Airport Security
- High-Speed A/D Converters
- High-Speed Amplifiers
- Analog Filters
- DC/DC Converters

Test Equipment
- Precision Voltage Reference
- Low-Drift Amplifiers
- RMS-to-DC Converter
- A/D and D/A Converters

Financial Analysis
(Year ended June 29, 2003)

Profitability:	
Operating Margin	48.6%
Return on Equity	13.2%
Return on Assets	11.7%
Return on Sales	39.0%
Liquidity:	
Quick Ratio	10.3
Current Ratio	11.0
Leverage:	
Long-Term Debt	none
Asset Turns:	
Inventory Turns	5.1
Sales/Fixed Assets (ROI)	2.7
*Cash Flow:**	
As a % of Net Sales	44.8%

Fiscal 2003 was a challenging year since the semiconductor industry was recovering from a severe business downturn. Inventory excesses that had plagued the industry in the previous year were largely alleviated; however, general worldwide economic conditions were relatively stagnant. In this improving but cautionary environment, Linear Technology did well, reporting solid growth and continuing to be very profitable and cash flow positive. The Company generated an additional $271.5 million of cash and short-term investments before spending roughly $230.0 million to purchase back 8,390,348 shares of its common stock. The Company paid cash dividends of $0.21 per share, an increase of $0.04 from the previous year.

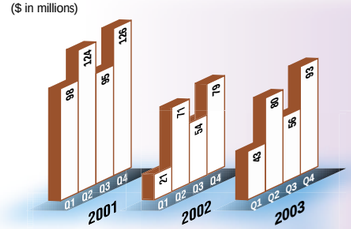
Return on sales for the year of 39% continued to be at an industry leading level. Through the quarter ended June 29, 2003 the Company achieved:

- ***39 consecutive quarters with pretax profits exceeding 40% of net sales***
- ***33 consecutive quarters with pretax profits exceeding 50% of net sales***
- ***69 consecutive quarters with positive cash flow from operations***

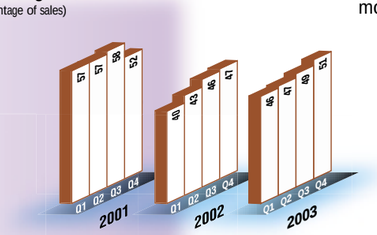
The accompanying table entitled "Financial Analysis" shows the strength of the Company's operating results and financial position as expressed in ratios used by the financial community.

The success of the Company is attributable to its employees. In recognition of this performance, the Company funds an attractive profit sharing and 401(k) retirement plan. The plan covers essentially all full-time employees; payout for fiscal 2003 was roughly 30% of salary, making it one of the industry's most attractive profit sharing programs.

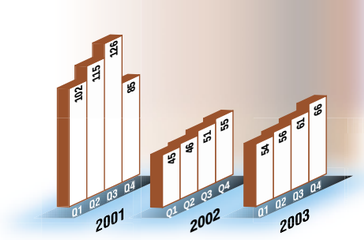
Cash Flow*
($ in millions)



Operating Income
(percentage of sales)



Net Income
($ in millions)



Diluted Earnings Per Share
(cents)

* Excludes common stock repurchases

Linear Technology Corporation designs, manufactures and markets a broad line of standard high performance linear integrated circuits utilizing bipolar, silicon gate CMOS and BiCMOS process technologies.

Board of Directors

Thomas S. Volpe (1)(2)
Chairman of Audit Committee
Director since 1984
Founder & CEO
Volpe Investments LLC

David S. Lee (1)(2)
Director since 1988
Chairman of the Board
Cortelco Systems Holding Corp.
Manufacturer, Telecommunication
Systems and Products

Leo T. McCarthy (1)(2)
Director since 1994
President
The Daniel Group
International Consulting Firm
Former Lieutenant Governor
State of California

Richard M. Moley (1)(2)
Director since 1994
Former President and Chief Executive Officer
StrataCom, Inc.
Manufacturer, Telecommunication
Systems and Products

Robert H. Swanson, Jr.
Director since 1981
Chairman and Chief Executive Officer
Linear Technology Corporation

Officers

Robert H. Swanson, Jr.
Chairman and Chief Executive Officer

David B. Bell
President

Paul Chantalat
Vice President, Quality and Reliability

Paul Coghlan
Vice President, Finance and Chief Financial Officer

Robert C. Dobkin
Vice President, Engineering and Chief Technical Officer

William Gross
Vice President, Signal Conditioning Products

Lothar Maier
Vice President and Chief Operating Officer

Richard Nickson
Vice President, North American Sales

Donald E. Paulus
Vice President, Power Management Products

David A. Quarles
Vice President, International Sales

Robert Reay
Vice President, Mixed Signal Products

Arthur F. Schneiderman
Secretary
Attorney, Wilson, Sonsini, Goodrich & Rosati,
Professional Corporation
Legal Counsel

(1) Member of the Compensation Committee
(2) Member of the Audit Committee

Transfer Agent and Registrar
EquiServe Trust Company N.A.
Providence, Rhode Island

Independent Auditors
Ernst & Young LLP
San Jose, California

Corporate and Investor Information
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